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C O N F I D E N T I A L SECTION 01 OF 04 BEIJING 004029

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TAGS: [PREL](#) [PARM](#) [MARR](#) [CH](#) [TW](#)

SUBJECT: CONTACTS CONTINUE TO DOWNPLAY TAIWAN ARMS SALES'
IMPACT

REF: A. BEIJING 3888

[1](#)B. BEIJING 3803

Classified By: Ambassador Clark T. Randt, Jr.
Reasons 1.4 (b) and (d).

SUMMARY

[1](#)1. (C) PRC scholarly contacts continue to downplay the impact of the October 3 U.S. announcement of arms sales to Taiwan (ref B). Largely echoing other observers' comments (ref A), several contacts called the sales "expected" and said they will neither strongly effect the bilateral relationship nor alter the positive assessment of the Bush Administration's stewardship of U.S.-China relations. Some PRC observers viewed the sales positively, expressing appreciation for the post-Olympics timing of the decision and noting how the United States carefully "balanced" the interests of both sides of the Taiwan Strait. Military-to-military ties and talks on security and nonproliferation issues will be fully restored by the time the next U.S. administration takes office, contacts predicted. The Chinese Government is eager to return to "normalcy," they asserted, with one scholar citing as proof Beijing's October 6 instruction to PRC media to cease comment on the sales. Although "public anger" forced the Chinese Government to "respond" to the sales in some fashion, bilateral cooperation on core issues such as the Six-Party Talks and the global financial crisis will continue, scholars assessed, even as the sales affect the "context" in which such decisions are made. End Summary.

U.S. ARMS SALES DECISION "EXPECTED"

[1](#)2. (C) In recent meetings with PolOffs, PRC scholars continued to downplay the impact of the October 3 notification to Congress of the U.S. Government's intention to sell arms worth USD 6.4 billion to Taiwan (ref B). Largely echoing other observers' comments (ref A), several contacts said the sales will neither strongly effect the bilateral relationship nor alter the positive assessment of the Bush Administration's stewardship of U.S.-China relations. (Note: Commentary on possible impact on cross-Strait relations will be reported septel.) Most contacts said the U.S. arms sales decision was "expected."

[1](#)3. (C) For example, Niu Xinchun (protect), Deputy Director of the Center for Taiwan-Related Studies at the MSS-affiliated Chinese Institutes of Contemporary International Relations (CICIR) told PolOff on October 10 that the U.S. arms sales decision was "not that big of a deal," calling the subsequent PRC reaction "largely symbolic." The United States has been selling arms to Taiwan since normalization of U.S.-China

relations, and Washington will probably continue doing so for "at least twenty years more," Niu stated. Tao Wenzhao (protect), Senior Fellow at the Chinese Academy of Social Sciences (CASS) Institute of American Studies, told PolOff on October 14 that he "expected" an announcement as early as April 2008 and was "pleased" the notification was not made while Taiwan President Chen Shui-bian was in office and avoided the Beijing Olympics. Tao said "most" PRC scholars and officials familiar with the Taiwan issue "knew the U.S. decision was coming." Tao thought it was better that the arms sales decision was made during the Bush Administration, because this will "reduce pressure" on the next U.S. President to approve "significant new sales" to Taiwan. CICIR's Niu also expressed appreciation for the sales' timing, noting that it appeared Washington "carefully" decided to wait until after the Olympics ended -- and Premier Wen Jiabao concluded his visit to the United States to attend the UN General Assembly -- before making the announcement.

¶4. (C) The only "surprise" would have been if President Bush had not made a decision on arms sales before leaving office, Zhou Zhihuai (protect), newly installed Vice Chairman of the National Society of Taiwan Studies (NSTS) and former Vice President of CASS's Institute of Taiwan Studies, told PolOff on October 17. Zhou thought President Bush "did a favor" for the next President by not leaving a difficult decision to deal with immediately after inauguration. Most Chinese scholars and officials were "well prepared" for the announcement, Zhou said, pointing out that the Ministry of Foreign Affairs (MFA), Ministry of National Defense (MND), National People's Congress (NPC) and Chinese People's

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Political Consultative Conference (CPPCC) all had their statements of protest (ref B) prepared well in advance. Zhang Tuosheng (protect), Director of the Center for Foreign Policy Studies at the PLA-affiliated think tank China Foundation for International and Strategic Studies (CFISS), on October 20 assessed to PolOffs that President Bush made the arms sales decision out of consideration for the interests of both the Mainland and Taiwan, which was reflected in the timing of the announcement, the dollar amount of the package and the type of weapons sold. Overall, Zhang said, the decision was a "balanced" one that would not affect the overall U.S.-China relationship.

¶5. (C) Holding a minority opinion among Embassy contacts, Guo Zhenyuan (protect), a senior researcher at the MFA-affiliated China Institute of International Studies (CIIS), told PolOff on October 14 that he "fully expected" an arms sales notification to be made before the end of the Bush administration, but he was surprised at the value of the package, as he had predicted a sale worth approximately USD 2 billion. Moreover, unlike other interlocutors, Guo claimed that "most PRC scholars and officials," and even "many in Taiwan," did not think the United States would go through with the sale because of the "good relations" between the Bush Administration and Chinese leaders. Most observers were therefore surprised by both the approval and the high value of the package, Guo claimed, with most Chinese being "unhappy" because of the gap between their expectations and reality.

FOCUS ON THE FUTURE

¶6. (C) Embassy interlocutors uniformly assessed that bilateral relations will return to "normal" by the time a new U.S. administration takes over, if not sooner. CICIR's Niu Xinchun said the impact of the sales will be "short-term," but that probably means until "the start of the next U.S. Administration." The "typical pattern" is that the United States sells arms to Taiwan, and China takes steps to cancel certain dialogues, particularly in the military-to-military realm. Within a few months, however, China starts to "quietly" revive these dialogues, Niu stated. Overall, Niu

said it is important to focus on the "big picture," asserting that U.S.-China relations "remain strong." Expressing similar views, CFISS's Zhang Tuosheng said he hopes bilateral mil-mil relations will return to normal "soon," assessing that the relationship will be fully restored "more quickly than normal" due to the impending change of administration in the United States. Zhang argued that China is "not too concerned" about this arms sale because it comes at the end of the current administration. Zhang cautioned, however that reaction to any arms sale decision early in the next administration "could be tougher," as China will try to "uphold the spirit" of the August 17, 1982 Joint Communiqué.

17. (C) The Chinese Government is eager to return bilateral relations to "normal," CASS's Tao Wenzhao argued. Tao pointed out that PRC media played up the Taiwan arms sale issue for two days after the U.S. announcement, but has been silent since. The Chinese leadership sent out propaganda guidance on October 6 instructing the media to avoid further comment on the issue, precisely because China is eager to fully restore relations. The "hold" on mil-mil, arms control and nonproliferation exchanges will be restored by the time of the January 2009 inauguration, if not sooner, Tao predicted. NSTS's Zhou Zhihuai went a step further, telling PolOff that the Taiwan arms sale issue is "already over." Zhou said the immediate issuance of four "protest" statements from MFA, MND, NPC and CPPCC was intended to put the issue to rest, which is why the PRC media has been largely silent on the issue since. Zhou predicted there will be no carryover to the new administration; this decision will be "tallied" on the Bush administration's "account" regarding the overall bilateral relationship.

18. (C) CIIS's Guo noted that the "overall assessment" of the Bush administration's China policy will remain positive, even though it was "bookended" by major arms sales decisions to Taiwan. Asked about the sale's long-term impact on bilateral relations, Guo said it is most important to focus on the new administration. He noted that this year, like the U.S. presidential campaign year of 2004, neither candidate is "bashing China" in order to win votes, suggesting the American public "recognizes" the importance of relations with

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China, which bodes well for a continuation of the basic line of U.S. policy toward China, regardless of which candidate wins the election.

"IT COULD HAVE BEEN WORSE"

19. (C) Most Embassy interlocutors noted that the package of arms to be sold to Taiwan was less than what Taipei requested, with several interlocutors stating that things "could have been worse." CASS's Tao told PolOff that he "noticed" the "moderate" weapons package did not include F-16 aircraft, Blackhawk helicopters or submarines, and included four Patriot III anti-missile batteries instead of the six requested. Tao expressed concern, however, that Republican Presidential candidate John McCain recently called for sales of F-16s and submarines to Taiwan. CFISS's Zhang Tuosheng remarked that the arms sales notification included "about half" of what Taiwan requested and omitted Blackhawk helicopters and submarines. CIIS's Guo noted that the United States sold fewer Patriot batteries than requested but said he thought Apache helicopters were "unnecessary." While the Chinese are unhappy over the high dollar amount of the sale, Guo concluded that this arms sale did not represent a "significant change" to the basic U.S. approach to cross-Straits relations. If F-16s and submarines had been approved, however, China would have been forced to "fundamentally reevaluate" its views on Washington's intentions toward the bilateral relationship.

PUBLIC PRESSURE DEMANDS GOVERNMENT RESPONSE

¶10. (C) Embassy contacts commented on the impact of Chinese public opinion, which generally "demanded" a tough PRC response to the arms sales, at least initially. Sun Keqin (protect), Director of the Center for the Taiwan-Related Studies at CICIR, argued to PolOff on October 10 that public opinion is "very important" to the Chinese Government and "the influence of netizens is quite large." The public reaction to the October 3 announcement was "very strong," particularly on the Internet, to the point that Sun said he was surprised by its "vehemency.". The public does not pay attention to the details of the sales, such as which weapons were included or the total dollar amount, but instead simply reacts angrily to the fact that sales occurred. Foreign policy experts, on the other hand, follow the United States closely and largely "understand" the context of U.S. actions. Sun therefore urged the United States to bear mind that the reaction of policymakers and experts is "very different" from that of the public.

¶11. (C) Asked about the strong Government statements issued immediately after the October 3 announcement (ref B), CASS's Tao Wenzhao claimed that this approach was a nod to public opinion and designed "largely for domestic consumption." The strong Government statements showed the Chinese public that the PRC Government is "serious" about the arms sales issue. Tao reiterated, however, that the issue was then "dropped" after two days, because the Government does not want to face "too much public pressure" over the subject. The concern over public pressure also resulted in the cancellation of some bilateral activities that went beyond just the mil-mil realm, CFISS's Zhang stated. Some of the scheduled bilateral exchanges, such as talks on disaster relief and the bilateral nonproliferation dialogue, would have come "too soon" following the arms sales announcement and may have led to questions among the Chinese public regarding why the Government was willing to talk to the United States despite the arms sale notification. Zhang acknowledged that military exchanges are beneficial to both sides, but he said China "had to respond" in some fashion to the arms sales, and the "political and economic areas" of the bilateral relationship are "simply too important" to be jeopardized. Therefore, China's response focused mostly on suspending or cancelling mil-mil exchanges. Some have proposed that military ties should not be affected by the issue of arms sales, but no one has been able to come up with an "appropriate substitute," Zhang said.

¶12. (C) Embassy contacts were overwhelmingly skeptical that the "consequences" of the arms sales would include any increase in PLA missile deployments across from Taiwan or larger Chinese defense budgets, as one academic contact

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predicted (ref A). The academics with whom PolOffs spoke in the last 10 days unanimously believed that, even though the PLA may use the arms sales to argue for such moves, the Chinese political leadership is "highly unlikely" to approve such steps because the Mainland remains "eager" to improve cross-Straits relations. (Note: A more detailed discussion of observers' views on cross-Straits security issues will be addressed septel.)

BILATERAL COOPERATION TO CONTINUE

¶13. (C) Embassy interlocutors did not expect any further direct effect on other areas of bilateral cooperation, but they did note that the arms sales decision has impacted the "context" in which China's policy decisions are being made. CICIR's Niu Xinchun asserted that China will continue to work with the United States on multilateral issues such as the Six-Party Talks and Iran, which will be largely "unaffected" by the arms sale. Niu noted, however, that the Taiwan arms sales affect the "context" in which decisions on bilateral

issues are made, citing the global financial crisis as an example. The leadership decision to assist the United States has been "complicated" by public anger over the sales. In this context, PRC policymakers are likely to be "uncomfortable" with helping the United States on a large scale so soon after the arms sales. Niu predicted, however, that there will be no overt effort to "punish" the United States for the sales, noting, for example, that "assisting" the United States during the financial crisis is in China's own interest. In the end, China really "cannot do anything" about the arms sales because the United States remains the world's sole superpower, Niu concluded, reiterating that Beijing's response remains largely symbolic.

¶14. (C) NSTS's Zhou Zhihuai echoed Niu's comments by saying China knows it cannot get the United States to change its policy on arms sales, so there is no point in "clinging to the issue" for an extended period of time. Although the Chinese public may have difficulty accepting this, scholars and officials know that U.S. arms sales to Taiwan is "not a new issue." CASS's Tao Wenzhao emphatically stated that bilateral cooperation in the most important areas will continue, dismissing as "irresponsible" any speculation that the arms sales might affect critical issues such as the Six-Party Talks or the response to the global financial crisis. For example, China's decisions on the financial crisis will be based "solely on China's economic interests," Tao said, and will have "absolutely nothing" to do with the Taiwan arms sales.

RANDT